



BAC 7710-FW-P

POSTAL REGULATORY COMMISSION

39 CFR Part 3010

[Docket No. RM2019-2; Order No. 4882]

Ratemaking Procedures for Inbound Letter Post and Related Services

AGENCY: Postal Regulatory Commission.

ACTION: Advance notice of proposed rulemaking.

SUMMARY: The Commission is acknowledging a recent filing requesting the Commission to consider the application of the market dominant price cap to rates for Inbound Letter Post and certain other inbound international market dominant products. This document informs the public of the filing, invites public comment, and takes other administrative steps.

DATES: *Comments are due:* December 10, 2018.

ADDRESSES: Submit comments electronically via the Commission's Filing Online system at <http://www.prc.gov>. Those who cannot submit comments electronically should contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section by telephone for advice on filing alternatives.

FOR FURTHER INFORMATION CONTACT: David A. Trissell, General Counsel, at 202-789-6820.

SUPPLEMENTARY INFORMATION:

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I. Introduction

On November 16, 2018, the Postal Service filed a request for the Commission to consider the application of the market dominant price cap to rates for Inbound Letter Post and certain other inbound international market dominant products.¹ The Postal Service requests that the Commission replace the price cap treatment with an “evaluation of whether price changes for these services promote the objectives in [39 U.S.C.] [s]ection 3622(b), taking into account the factors in [s]ection 3622(c).” Petition at 2. The Commission initiates this rulemaking to seek comments and facilitate the Commission’s examination into ratemaking procedures for Inbound Letter Post and related international services.

II. Background

At the same time it filed the instant Petition, the Postal Service filed a concurrent request seeking to transfer a portion of Inbound Letter Post (and inbound registered services associated with those items) to the competitive product list.² The Postal Service states that it intends for the instant Petition to

¹ Petition of the United States Postal Service to Initiate a Rulemaking Concerning Ratemaking Procedures for Inbound Letter Post and Related Services, November 16, 2018 (Petition).

² Docket No. MC2019-17, United States Postal Service Request to Transfer Inbound Letter Post Small Packets and Bulky Letters, and Inbound Registered Service Associated with Such Items, to the Competitive Product List, November 16, 2018 (Transfer Request).

cover only the related products remaining on the market dominant product list upon resolution of the Transfer Request. Petition at 2, n.4.

The Postal Service states that the recommendation to adopt self-declared rates for terminal dues,³ made by the Department of State and endorsed by the President, creates uncertainty regarding the rates going forward. See Petition at 1, nn.1, 2; 2-3. The Postal Service further notes that the Department of State's negotiations could result in a decision to rescind withdrawal from the Universal Postal Union (UPU), but it is impossible to predict to what extent terminal dues would be self-declared or set by the UPU. Petition at 2-3. The Postal Service suggests that although the Commission's review of the market dominant ratemaking system is pending, to the extent that a market dominant price cap currently applies or is maintained in some form, there should be an exception for generally applicable rates set by the Postal Service that are paid by foreign postal operators. *Id.* at 4. The Postal Service states that its requested treatment of Inbound Letter Post rates should apply whether the rates are self-declared or not. *Id.* at 5.

III. Petition

The Postal Service requests that the Commission reconsider its decision in Order No. 43, in which it held that Inbound Letter Post must be classified as a market dominant product.⁴ The Postal Service states that changes in circumstances, including "a significant shift in U.S. Government policy toward

³ Terminal dues refer to payments by foreign postal operators to the Postal Service for delivery of Inbound Letter Post in the United States.

⁴ Docket No. RM2007-1, Order Establishing Ratemaking Regulations for Market Dominant and Competitive Products, October 29, 2007 (Order No. 43).

Inbound Letter Post,” warrant a reconsideration of the decision to apply the market dominant price cap to inbound international products. See Petition at 5-9. The Postal Service states that the Postal Accountability and Enhancement Act’s intent was to protect individual domestic customers, rather than foreign postal operators.⁵

The Postal Service proposes a regulatory system for Inbound Letter Post wherein the Commission would apply the objectives and factors listed in 39 U.S.C. 3622(b) and 3622(c) as standards for review of inbound international rate adjustments. Petition at 2, 9. The Postal Service suggests that this review can occur after-the-fact, through the annual compliance review proceedings, but also proposes an alternative before-the-fact review of rate adjustments. *Id.* at 10. The Postal Service submits these proposed rules and alternative proposed rules in Appendix I of the Petition.

IV. Invitation to Comment

The Commission establishes Docket No. RM2019-2 for consideration of matters raised in the Petition. More information on the Petition may be accessed via the Commission’s Web site at <http://www.prc.gov>. Interested persons may submit comments on the Petition no later than December 10, 2018.

Pursuant to 39 U.S.C. 505, Kenneth E. Richardson is appointed to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in the above-captioned docket.

V. Ordering Paragraphs

⁵ *Id.* at 7, 8-9. Postal Accountability and Enhancement Act (PAEA), Pub. L. 109-435, 120 Stat. 3198 (2006).

It is ordered:

1. The Commission establishes Docket No. RM2019-2 for consideration of the matters raised by the Petition of the United States Postal Service to Initiate a Rulemaking Concerning Ratemaking Procedures for Inbound Letter Post and Related Services, filed November 16, 2018.

2. Comments are due no later than December 10, 2018.

3. Pursuant to 39 U.S.C. 505, the Commission appoints Kenneth E. Richardson to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this docket.

4. The Secretary shall arrange for publication of this Notice in the *Federal Register*.

By the Commission.

Stacy L. Ruble,

Secretary.

[FR Doc. 2018-25665 Filed: 11/23/2018 8:45 am; Publication Date: 11/26/2018]